

July 30, 2004

AGENDA
U.S. ENVIRONMENTAL PROTECTION AGENCY
SCIENCE ADVISORY BOARD
ILLEGAL COMPETITIVE ADVANTAGE (ICA) ECONOMIC BENEFIT (EB) ADVISORY PANEL
SAB Conference Room 3704
1025 F Street, NW
Washington, D.C. 20004

Purpose of Meeting : The purpose of this public meeting is to provide advice on the EPA White Paper, entitled “*Identifying and Calculating Economic Benefit that Goes Beyond Avoided and/or Delayed Costs*,” dated May 25, 2003, respond to the charge questions (see attached at back of this agenda), and prepare an SAB draft advisory on the White paper and charge.

Thursday, August 5, 2004:

9:00 am	Convene the Meeting	Dr. K. Jack Kooyoomjian, <i>Designated Federal Officer (DFO)</i> <i>SAB Staff Office</i>
9:10 am	Welcoming Remarks	Dr. Vanessa Vu, <i>Director, SAB Staff Office</i>
9:15 am	Introductory Remarks, Review of the Agenda and Introduction of Panelists and Guests	Dr. A. Myrick (“Rick”) Freeman, <i>Chair, ICA EB Adv Panel</i>
9:20 am	EPA’s Regulatory Needs	Mr. Robert Kaplan, <i>Director, Special Litigation and Projects Division, Office of Enforcement and Compliance Assurance (OECA)</i>

9:30 am	Overview of Methodology Issues with Respect to the Charge and Presentation of Case Study Examples	Mr. Jonathan Libber, Senior Attorney and BEN/ABEL Coordinator, ORE/OECA Staff
10:00 am	OECA Presentations: Case Study Examples	Mr. Libber , OECA Participants
10:30	BREAK	
11:00 am	OECA Presentations and Panel Discussions	Mr. Libber, OECA Participants & Panel
12:00 noon	LUNCH	
1:15 pm	OECA Presentations and Panel Discussions: Continued Questions & Answers	Mr. Libber, OECA Participants & Panel
2:30 pm	Public Comments	Interested Public
3:15 p.m.	BREAK	
3:30 p.m.	Panel Discussion, Assignments, and Pre-Meeting Materials <u>Charge Question 1:</u> [Drs. Cathy Kling (lead) & Dallas Burtraw] <u>Charge Questions 2, 3 & 4 in the Context of the Following:</u> Category of Cases #1 - Violator Gains Additional Market Share [Dr. Michael Hanemann]	Dr. Rick Freeman, <i>Chair</i> & Panelists

Panel Discussion, Assignments, and Pre-Meeting Materials: Continued Dr. Rick Freeman, *Chair*
& Panelists

Category of Cases #2 - Violator Sells Products or Services Prohibited by Law
[Dr. Michael Salinger]

Category of Cases #3 - Violator Initiates Construction or Operation Prior to Government Approval
[Dr. Cathy Kling]

Category #4 - Violator Operates at Higher Capacity Than it Should Have
[Drs. Jane Hall (lead) & Mark Cohen]

Implications of Market Structure for Estimating Economic Gains
[Drs. David Sunding (lead), Michael Salinger, and Arik Levinson]

Consideration of Probability of Detection in Setting Deterrent Penalties
[Drs. Clifford Russell (lead) and Michael Hanemann]

Other Considerations

5:30 p.m. **Adjourn Day 1**

6:30 p.m. Dinner with SAB ICA EB Advisory Panel and Guests (Optional)

Friday, August 6, 2004:

8:30 a.m.	Reconvene Panel	Dr. Kooyoomjian, <i>DFO</i>
	Planning Expectations for the Day's Activities	Dr. Freeman, <i>Chair</i>
	Recap, Discussion of Panel Assignments, and Preparation for Writing Break-out Session	Panel
9:00 a.m.	Public Comments: The Interested Public	Dr. Kooyoomjian, <i>DFO</i> as facilitator
9:30 a.m.	Writing Break-Out Session: Includes Review and Revision of Pre-Meeting Draft Materials and Writing of New Materials	Panel
10:35 a.m.	BREAK	
	Writing Break-Out Session: Continued:	Panel
12:15 p.m.	Debriefing of Agency OECA Staff: Includes Individual (non-Consensus Comments) of Each Panelist, and Open Discussion	Dr. Freeman, <i>Chair</i> & <i>ICA EB Adv Panel</i>
12:45 a.m.	Summary of Recommendations, Action Items, and Next Steps:	Dr. Freeman, <i>Chair</i>
12:55 a.m.	Concluding Remarks	Dr. Freeman, <i>Chair</i>
1:00 p.m.	Adjourn the Meeting	Dr. Kooyoomjian, <i>DFO</i>

NOTE: For further information concerning this meeting, please refer to information related to the ICA EB Advisory Panel activity which is posted on the EPA Science Advisory Board Website at: <http://www.epa.gov/sab>. The ICA EB Advisory Panel plans to re-write pre-meeting written comments, and discuss the issues as a group in order to move toward consensus on as many issues as possible during the conduct of this meeting.

The Proposed Charge: The Agency’s Office of Enforcement and Compliance Assurance (OECA) is requesting that the EPA Science Advisory Board (SAB) review and provide advice on a White Paper entitled “*Identifying and Calculating Economic benefit that goes Beyond Avoided and/or Delayed Costs.*” The proposed charge to the ICA EB Advisory Panel of the SAB has been developed based on discussions between the OECA and SAB Staff offices. Specific charge questions include the following:

1. Are there categories of cases that would be useful for the Agency to consider in calculating the ICA economic benefit, other than those that are identified in the White Paper? Should any of these be combined?
2. How can the Agency more accurately characterize the types of cases that are described in the White Paper? Have any of the examples and counter-examples in the White Paper been misidentified with regard to whether they are amenable to the BEN model’s simplifying paradigm?+
3. Are there any suggestions for modifying the described analytical approach to calculate the economic benefits and;
4. The Agency’s proposed approach strives to avoid double-counting of the benefit by laying out all relevant cash flows stemming from the violations, as opposed to simply adding on the additional calculations to a BEN run. What additional measures (if any) should the Agency put in place to avoid such potential double-counting?

The charge listed above can also be found on the Science Advisory Board website at <http://www.epa.gov/sab/>.

GLOSSARY:

DFO -	Designated Federal Officer
EB -	Economic Benefit
ICA -	Illegal Competitive Advantage
NCEE -	National Center for Environmental Economics (of the U.S. EPA)
OECA -	Office of Enforcement & Compliance Assurance (of the U.S. EPA)
ORE -	Office of Regulatory Enforcement (of the U.S. EPA)
SAB -	Science Advisory Board (of the U.S. EPA)
TBA -	To Be Arranged